

Fiscal Note

Fiscal Services Division



HF 254 – Iowa Communication Network User Flexibility (LSB 2005HV)
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Fiscal Note Version – New

Description

House File 254 removes the requirement that Regents universities, independent colleges and universities, and area education agencies (AEAs) submit a waiver to permit them to utilize services provided by other telecommunications providers other than the Iowa Communications Network (ICN). These entities would be allowed to utilize outside vendors without participating in a waiver process.

Background

Certified users of the ICN are required to use ICN services unless they receive a waiver from the Iowa Telecommunications and Technology Commission (ITTC), the governing body of ICN operations. Waivers are granted by the ITTC to certified users that can obtain a rate lower than the ICN rate from another provider. Each waiver is for one year.

In FY 2010, the ICN received 20 waiver requests from certified users for ICN-provided telecommunications services. A total of 18 of these requests were approved. The ICN billed approximately \$5.3 million to certified users for nonvideo-related charges in FY 2010.

Assumptions

Certified users will utilize other vendors more frequently if the waiver process is eliminated, but a precise utilization rate is unknown.

The ICN revenues of \$5.3 million from certified users for FY 2010 would be reduced, but the extent of that reduction is unknown.

Fiscal Impact

There is no impact to the State General Fund. The fiscal impact to the ICN is unknown. The ICN has indicated House File 254 may potentially reduce ICN revenues by up to \$1.8 million in FY 2012 and subsequent fiscal years if certified users utilize outside vendors one-third of the time. This potential reduction would account for approximately 5.0% of total ICN revenues.

Source

Iowa Communications Network

/s/ Holly M. Lyons

February 21, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
